



Economic Recovery in 2010 Disappoints

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the labor market can lag before
showing improvement.

The labor market continues to feel the dismal effects of the Great Recession of 2008 and 2009 as 2010 comes to a close. 2010 was to be the start of economic recovery. While there has been economic growth (as measured by gross national product), since the third quarter of 2009, economic expansion was not sufficiently robust to substantially improve labor market conditions.

In December 2009, the U.S. labor market completed its second year of widespread job losses. Employment peaked with 138 million payroll jobs in December 2007. More than 8.3 million jobs were shed through December 2009, a reduction of 6.1 percent. Sluggish payroll job growth in 2010 should restore about 1.2 million of the lost jobs.

In the current, extraordinarily difficult, labor market, about 14.9 million people are unemployed. The unemployment rate has been about 9.6 percent, not much below the high for this recession of 10.1 percent reached in October 2009.

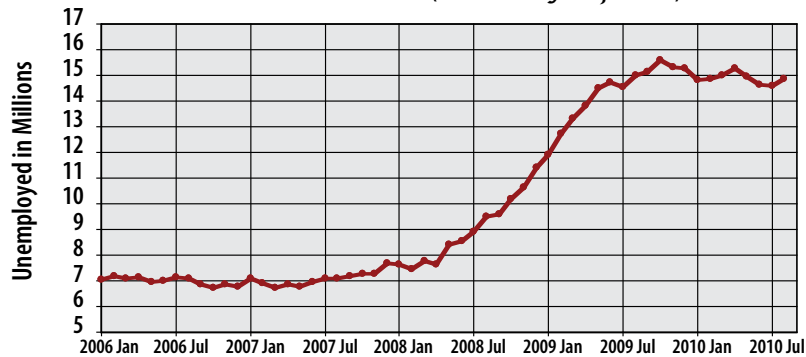
The duration of unemployment set new records during 2010. The average weeks of unemployment rose to an all-time high of 35.2 in June 2010, with the previous high being 21.2 weeks in July 1984. There were 6.8 million workers who have been unemployed for half a year or more during the summer months of 2010. This is a record 4.4 percent of the labor force.

The labor force, as defined by the U.S. Bureau of Labor Statistics (BLS), consists of all civilians 16 years of age and older who have a job (full or part-time) plus the unemployed—who must be actively looking for work during the previous four weeks. During 2007 and 2008, about 66 percent of persons 16 and above were in the labor force. This labor force participation rate has been trending down since the 4th quarter 2008, dropping to 64.7 percent in the summer 2010; the lowest level since August 1985.

Even with economic growth, the labor market can experience a considerable lag before its indicators show improvement. In order for the job market to improve noticeably, increasing hours and new hiring must grow at a sufficiently rapid pace to remove the substantial slack in the labor force. Labor demand must intensify enough to increase the hours of part-time workers who desire full-time work, to absorb the natural growth of workers due to normal population increase, to account for reentrants who will join the labor force as job opportunities become more prevalent, and to hire millions of the unemployed.

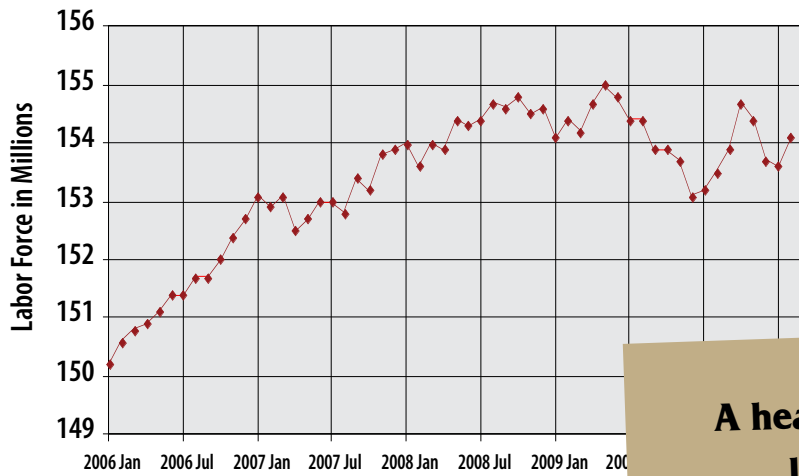
It will likely take two to three years of strong economic expansion to achieve the healthy and vibrant labor market desired. Going forward into 2011, if economic expansion continues to be anemic, the labor market stresses and high unemployment will be all too prevalent. ⓘ

Unemployed in the United States 2006 - 2010 (seasonally adjusted)



Source: U.S. Bureau of Labor Statistics.

U.S. Civilian Labor Force 2006 - 2010 (seasonally adjusted)



Source: U.S. Bureau of Labor Statistics.

**A healthy and vibrant
labor market
WILL SLOWLY
emerge.**

